

Notes from working lunch discussion - Oslo Conference 2010

Table 10: Chair Halimah Yacob, NTUC Singapore

Fiscal sustainability

Discussants emphasized the importance of international policy coherence and coordination and raised few considerations:

- Need for fairness in the context of withdrawal of fiscal measures
- Inclusion of social partners in order to ensure social support
- Focus on job creation, as unemployment insurance/benefits were costly in a situation of high unemployment
- Sources of revenues should be addressed: not only cutting expenditures, but also a raise in revenues
- Need to balance “growth now” against the future fiscal burden
- Countries in fiscal distress were advised to consolidate fiscal space and restart growth, though these measures could become unpopular domestically
- Markets, not government programmes, should deliver growth

Effective policy making

- Cut red tape, simplify tax and bankruptcy legislation
- Europe: one patent system
- Governments should invest in infrastructure (roads, electricity etc)
- Labour market flexibility: increase part-time employment opportunities, for their potential to mobilize new groups
- Flexibility could lead to higher labour market participation, offering more work opportunities and possibly higher living standards, even if not all jobs are adequately paid. On the other hand, if workers take all the risks, flexibility will not deliver, hence arguments were made in favour of a well-built welfare state
- Unemployment benefits may spur labour mobility and reduce resistance to change. Therefore, stronger labour market institutions are needed, with active labour market and social protection policies
- Room for sharing of experience with short-term measures to support employment: In Singapore, job subsidies combined with training (paid by government) were beneficial to both workers and employers: firms could retain workers and more promptly meet demand when recovery started
- Structural measures needed to deal with structural unemployment
- Low-income countries, especially in Africa, have no fiscal space but still need significant resources for investments in basic infrastructure, clean water, education and a social protection floor - IMF and other donors should have special programmes to help those countries
- Need for strong labour market institutions to foster social dialogue, taking into account that “no one size fits all” but countries are different

ILO - IMF collaboration

- Both institutions are important for balanced growth, preventing and managing crises
- Need for regular dialogue - including with other international institutions - to share experiences and identify areas for collaboration while spelling out different views. To this effect, the Oslo Conference is just a beginning.
- IMF lending: countries should be given more time for fiscal adjustments, in order to take into account social factors
- Conditionality cannot be ignored